

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7104**

**BILL NUMBER:** HB 1278

**NOTE PREPARED:** Jan 10, 2010

**BILL AMENDED:**

**SUBJECT:** Broadcast Satellite Service Fee and 911 Fees.

**FIRST AUTHOR:** Rep. Crawford

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Direct Broadcast Satellite Service Fee:* This bill imposes a direct broadcast satellite service fee on direct broadcast satellite service providers at the same percentage rate of gross revenue as the cable service franchise fee rate in effect in a local government unit on December 31, 2009. It permits the fee to be passed through to customers of the provider. It requires a provider to remit the fees quarterly to the Department of State Revenue (DOR). It requires a provider to submit a quarterly report to the DOR indicating a provider's gross revenue and the amount of fees paid with respect to each unit. It requires the DOR to publish the direct broadcast satellite service fee rates before August 1, 2010. The bill also requires the DOR to distribute the fees quarterly to each unit.

*Wireless Emergency Enhanced 911 Fee:* The bill permits the Wireless Enhanced 911 Advisory Board to set the wireless emergency enhanced 911 fee at a rate not less than \$2 beginning July 1, 2010, on each commercial mobile radio service (CMRS) subscriber that is a customer having a place of primary use in Indiana. It provides for a distribution of 25% of a part of the 911 fees to counties that have more than two public safety answering points (PSAPs) and 75% to counties that have reduced the number of PSAPs to no more than two.

**Effective Date:** Upon passage; July 1, 2010.

**Explanation of State Expenditures:** *Department of State Revenue:* This bill requires the DOR to collect the direct broadcast satellite service fees from providers and distribute the fees quarterly to the respective local government units. The DOR is also required to publish the direct broadcast satellite service fee rates before August 1, 2010. These provisions will increase the workload of the DOR, but they should be able to implement the provisions within existing resources.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:** *Direct Broadcast Satellite Service Fee:* This bill imposes a fee on direct broadcast satellite service providers equal to the same percentage rate of gross revenue as the cable service franchise fee rate that was in effect in a local government unit on December 31, 2009, beginning in CY 2011. This fee will only be imposed in localities that have a cable service franchise fee in effect as of December 31, 2009. Providers may pass the fee on to their customers. Providers will pay the direct broadcast satellite service fees quarterly to the DOR, and the DOR will distribute the fees to each unit on a quarterly basis.

According to data available in the Local Government Database, taxing units have budgeted about \$18 M in revenue from the cable service franchise fee in CY 2009. To the extent that the amount budgeted for cable franchise fees reflects collections, for every 10% of the cable service franchise fees collected, approximately \$1.8 M in direct broadcast satellite service fees would be imposed. This is assuming that the gross revenues for cable services and direct broadcast satellite services are similar. Data was not available to compare gross revenues for cable services and direct broadcast satellite services for localities.

*Wireless Emergency Enhanced 911 Fee:* This bill allows the Wireless Enhanced 911 Advisory Board to set this fee at a rate that is not less than \$2 beginning in FY 2011. The current wireless emergency enhanced 911 fee is \$0.50 per phone per month, and the enhanced emergency telephone system fee for landline phones varies by county, from about \$0.40 to \$3.25 per phone per month. The bill also changes the distribution of the remainder of fees after the Board recovers administrative costs to 25% distributed to counties that have more than two PSAPs and 75% to counties that have reduced the number of PSAPs to no more than two. Based on FY 2009 revenues of \$27.4 M, the \$2 fee should raise an additional \$82.2 M.

**Background Information - Wireless Emergency Enhanced 911 Fee:** Revenues received from the wireless emergency enhanced 911 fee for FY 2005 through FY 2009 are provided in the table below. After the Board recovers their administrative costs, the remaining revenue is distributed on a monthly basis to each county containing one or more eligible PSAPs. A county must use the distribution to make distributions to PSAPs that accept wireless enhanced 911 service for actual costs incurred by the PSAPs in complying with the wireless enhanced 911 requirements established by the FCC order and rules. Any amount of revenue that remains must be distributed equally between escrow accounts for reimbursement to CMRS providers, PSAPs, and the Board.

<b>Fiscal Year</b>	<b>Revenue</b>
2005	\$24.1 M
2006	\$30.5 M
2007	\$32.2 M
2008	\$24.7 M
2009	\$27.4 M

*Cable Service Franchise Fee:* This fee varies by local government unit, but is generally 5% of gross revenue received for services provided, and is collected by local units. According to data available in the Local Government Database, taxing units have budgeted about \$18 M in revenue from the cable service franchise fee in CY 2009.

**State Agencies Affected:** DOR; Wireless Enhanced 911 Advisory Board.

**Local Agencies Affected:** Local government units.

**Information Sources:** Ken Lowden, Indiana Wireless Enhanced 911 Board, 317-234-2507; Jennifer Richardson, IURC, 317-232-2785; Local Government Database, DLGF.

**Fiscal Analyst:** Jessica Harmon, 317-232-9854.